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Office of Health Benefits

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Benefits Administrator Memo **#04-05**

To: Benefits Administrators

From: Mary P. Habel, Director
State and Local Health Benefits Programs

CC: All OHB

Date: April 13, 2004

Re: Open Enrollment Notifications to:
- Retiree Group Members Not Eligible For Medicare
- Extended Coverage Participants, and
- Waived LTD Participants

The attached Open Enrollment notification materials are being mailed to State retiree group members not eligible for Medicare, Extended Coverage participants and waived long-term disability participants.

RETIREE GROUP OPEN ENROLLMENT HIGHLIGHTS AND NEWS

- *The Open Enrollment Process* - All Open Enrollment elections must be received on or before Friday, May 14, and are effective July 1, 2004 - June 30, 2005. Beginning April 14, retiree group members and Extended Coverage participants may make plan or membership changes by submitting a completed Enrollment Form to their Benefits Administrator. Retiree group members may also enroll online using EmployeeDirect at http://edirect.virginia.gov.

  These participants will see the same administrative changes as those experienced in the active employee group, and BES keying guidelines are the same. For additional information, see the Enrollment Process section of B.A. Memo #04-04, dated April 1, 2004.

- *Retiree Group Enrollments Prior to July 1* - Non-Medicare retiree group participants have the same Open Enrollment period and plan choices as active employees. Please keep in mind that, since a distribution list for non-Medicare retiree group members has already been generated based on current information, employees who retire or start LTD after

March 31 (or who are keyed after March 31 with a retroactive effective date) but prior to the end of Open Enrollment will not get the attached materials.

It is the responsibility of the agency Benefits Administrators to provide retiree-specific Open Enrollment materials to those eligible individuals who retire during the Open Enrollment period. With the exception of those who will be required to select a Medicare-coordinating plan, plan elections made during Open Enrollment will carry forward to retirement (effective July 1) as long as enrollment in the retiree group is completed within the required enrollment time frame. If an Open Enrollment election is made prior to the keying of the retirement or LTD transaction, please refer to BA Memo #04-04 for instructions on handling the Open Enrollment suspense record.

- *Eligibility for the Kaiser Permanente HMO* – The Kaiser Permanente plan has always been available only to retiree group participants who live in the Kaiser service area. Current Kaiser participants who do not live in the Kaiser service area will have to make a new plan election. This also means that retiring employees who work, but do not live, in the Kaiser service area will no longer be eligible for Kaiser coverage upon retirement and will, therefore, be required to elect the COVA Care plan or decline retiree coverage. Contact DHRM for assistance in keying this plan change at retirement.

- *Electing a Medicare-Coordinating Plan When Medicare-Eligible* – As always, members of the retiree group under age 65 who become eligible for Medicare must submit an enrollment form immediately to elect a Medicare-coordinating plan. However, please note that effective January 1, 2005, the DHRM Office of Health Benefits will strictly enforce this provision. (See the State Retiree Health Benefits Program participant notification, page 5).

- *Timely Direct Billed Premium Payment* - Retiree group participants who are direct billed by the carrier (Anthem or Kaiser) are responsible for paying monthly premiums on a timely basis. If monthly premiums remain unpaid for 31 days after the due date, **coverage will be terminated**. This timely payment requirement is not new. However, beginning January 1, 2005, there will be strict enforcement of these guidelines, and, in addition, claims during any period for which premium payment has not been made will be denied until payment has been received. (See the State Retiree Health Benefits Program participant notification, page 5).

- *Automatic Bank Draft* – Starting in January 2005, retiree group participants billed directly by Anthem will have the option of automatic deduction of monthly premiums from their bank account. Additional information will be provided before the end of 2004.

- *Re-enrollment for Waived LTD Participants* – Effective July 1, 2004, waived long-term disability participants will no longer be able to enroll in the State Retiree Health Benefits Program prospectively without any limitations in single coverage. Re-enrollment opportunities will be limited to annual Open Enrollment, experiencing a qualifying mid-year event consistent with enrollment, or loss of coverage as a dependent under either the State Health Benefits Program or the State Retiree Health Benefits Program. Waived LTD participants were notified of this new policy in the attached correspondence.

Other Important Reminders

Medicare-Eligible Participants

Retiree group participants who are eligible for Medicare and, therefore, enrolled in Medicare-coordinating plans will not be affected during this Open Enrollment period. Since Medicare plans are renewed on a calendar-year basis, Medicare-coordinating plan members do not need to take any action at this time.

No Plan Change at Retirement

Just a reminder—effective July 1, 2003, retirees, LTD participants and new survivors were no longer allowed to make a plan change at the time of enrollment in the retiree group. This also applies to non-Medicare-eligible family members/participants at the time of another family member's entitlement to Medicare. The only exceptions to this policy that would allow a plan change upon initial enrollment in the retiree group are:

- When the participant must change to a Medicare-coordinating plan; or
- When the participant is no longer eligible for Kaiser coverage based on service area restrictions.

Medicare Demand Letters

Agencies occasionally receive correspondence from either the Centers for Medicare and Medicaid Services (CMS), the U.S. Department of Treasury, Medicare claims administrators, or collection agencies regarding Medicare claims against the state program for primary payment of health plan claims. If you receive one of these demand letters, please send it immediately to the Program Manager for Retiree Health Benefits at DHRM, 101 North 14th Street, 13th Floor, Richmond 23219. It is very important that these are sent through DHRM for tracking and management. Failure to provide a timely response to these demand letters can result in considerable additional expense to the program. As a reminder, however, agency Benefits Administrators are responsible for responding to IRS/SSA/CMS Data Match Project requests.

Retiree Fact Sheets

Updated Retiree Fact Sheets reflecting July 1 changes will be available in June on the DHRM Web site at http://www.dhrm.virginia.gov/hbenefits/retiree.html under either *Members Eligible for Medicare* or *Members Not Eligible for Medicare*.

Retiree Fact Sheet #11, *VSDP/LTD Participants and the State Retiree Health Benefits Program*, is a good resource for addressing administration of health benefits for LTD participants. We continue to see employees left in active coverage at the conclusion of their short-term disability benefits. BA Memo #02-09 (dated May 17, 2002) is still available and contains additional information regarding the handling of transition issues from short to long-term disability as they relate to the State Retiree Health Benefits Program.

Retirement Waivers to Other State Coverage

When you have an employee who waives coverage at the time of retirement to participate as a dependent under a spouse's State Health Benefits Plan coverage (active or retired), be sure to carefully coordinate the dependent enrollment with the retiree waiver. Remember, enrollment in the retiree group is not prospective. If enrollment/waiver takes place within 31 days of the retirement date, the enrollment is effective on the date of retirement. However, enrollment as a dependent will be prospective. Be sure to time the two enrollments so that there is not a gap in coverage. The keying sequence is first to terminate the retiree; then key the dependent record; then key the retiree waiver.

Benefits Administrators for Retiree Group Participants

Benefits Administrators for active employees often ask, "Who is the Benefits Administrator for retirees?" The following chart provides that breakdown:

Retiree Group Status	Agency Number	Benefits Administrator
VRS Retirees, Survivors and their covered dependents	005	VRS
VSDP/LTD Participants and their covered dependents	005	VRS
Non-Annuitant Survivors	006	DHRM
Optional Retirement Plan or Local Retirees, Survivors and their covered dependents (including any university-sponsored disability program participants)	007	The Pre-Retirement Agency Benefits Administrator

We would encourage Benefits Administrators who do not have retiree group responsibility to refer retiree group participants to their appropriate Benefits Administrator to ask retiree-specific questions and to submit retiree group enrollment forms.

Enclosures:

Retiree Group Not Eligible For Medicare Notification Memo (includes premiums)
Extended Coverage Participants Notification Memo (includes premiums)
Waived LTD Participants Notification Memo
Open Forum retiree newsletter
State Health Benefits Program Enrollment Form for Retirees, Survivors and VSDP-LTD Participants
State Health Benefits Program Extended Coverage Enrollment Form